

(1951) 02 CAL CK 0004
In the Calcutta High Court
Case No : A.F.O.D. No. 41 of 1950

Abinash Chandra

APPELLANT

Vs

Madhusudan Majumdar and Another

RESPONDENT

Date of Decision : 09-02-1951

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Section 11

Citation : AIR 1952 Cal 673 : (1952) 1 ILR (Cal) 373

Hon'ble Judges : Guha, J;G.N. Das, J

Bench : Division Bench

Advocate : S.C. Mitter, P.B. Burman and P.C. Choudhury, for the Appellant; P.C. Mallick, U.C. Mallick, T.K. Rai Dastidar and S.K. Hazra, for the Respondent

Final Decision : Dismissed

Judgement

Das, J.—This is an appeal by the defendant, Abinash Chandra Chowdhury and is directed against the judgment and decree dated 21st December 1949 passed by Mr. M. M. Bhattacharjee, 1st Extra Additional District Judge, Alipore, District 24-Pergunnahs in Title Suit No. 65 of 1945.

2. The suit out of which this appeal arises, was for a permanent injunction restraining the defendant from passing off the batteries of plaintiff No. 1 as the defendant's batteries by the use of the trade mark "Sakti" and by issuing handbills advertisements etc., claiming a right to the said mark, for delivery up to the plaintiff for destruction of all stocks, signboard, cards, handbills etc., bearing the mark Sakti or in the alternative for an order on the defendant to efface such marks and for accounts of illegal profits made by the defendant from the commencement of his sales of batteries with the mark Sakti.

3. The defendant contested the suit. The substance of the pleadings has been set in the judgment under appeal and appears sufficiently from the facts stated in the two appeals judgments wherein have just now been delivered.

4. On the pleadings, 15 issues were raised for trial.

5. In view of the points raised in this appeal, we are concerned with issues (5), (8), (9), (10), (14).

6. The suit was filed in the court of the District Judge on the 21st September 1945. After the suit became ready for hearing, it was transferred to the extra 1st Court of the Additional District Judge by an order dated 5th November 1949 passed by the District Judge.

7. As a result of his findings, the court below decreed the suit in part in favour of the plaintiff No. I on contest with half costs. The defendant was restrained from passing off his goods as those of the plaintiff by putting the mark Sakti on any of the storage batteries or similar goods i.e. from sale of any such goods marked with the mark Sakti with or without any differentiating words. Delivery up of the existing stock of such goods was refused but the defendant was directed to conceal the mark on his own existing batteries by soldering on them metal plates either blank or marked with some other trade name in the presence of the plaintiff and officer of the court to the satisfaction of the plaintiff. The defendant was also restrained from printing the word "Sakti" henceforth in any of his business papers. The prayers for account of profits or damages were refused.

8. The defendant preferred this appeal.

9. No appeal or cross-objection was filed by the plaintiffs.

10. I shall now set out issues Nos. (5), (8), (9), (10) and (14).

(5) Can the suit be proceeded with in the face of the certificate of registration granted to the defendant in respect of the trade mark in suit?

(8) Is the suit barred by the principles of estoppel, waiver and acquiescence?

(9) Is the plaintiff the inventor of the alleged trade mark "Sakti"? Has he manufactured and sold in India storage battery under the name of "Sakti" battery with the words and letters "Sakti" embossed on them?

(10) Has the plaintiff No. 1 been using continuously his alleged trade mark "Sakti" from about 1932? Has the plaintiff acquired a right of property in the alleged trade mark?

(14) Are the judgments passed in T. S. 230 of 1940 of the 3rd Munsif Court, Alipore, and the appeals arising therefrom conclusive between the parties?

11. The Court below found the issues in favour of the plaintiffs.

12. I shall first deal with the finding of the Court below on issue No.(14).

13. Mr. Mitter has assailed the finding of the Court below on the ground that the 3rd Court of the Munsif was not competent to try the present suit.

14. The pecuniary jurisdiction of the 3rd Munsif, Alipore at the date of the earlier suit was limited to Rs. 1000/- only. The value of the present suit is Rs. 2100/-.

Prima facie, therefore, the Munsif, 3rd Court, was not competent to try the present suit and his decision is not res judicata.

15. It is settled law that in determining the question of the competence of the former court, regard must be had to the jurisdiction of that court to try the later suit if it was filed at the date of the- earlier suit. "GOPINATH CHOBEY v. BHUGWAT PERSHAD" 10 Cal. 697, "LALMOHAN v. RAMLAKHMI" 59 Cal. 636. The Court below was of opinion that there has been a rise in the value of the subject-matter of the present suit since 1940 when the earlier suit was filed, and though the present suit was valued in 1945 at Rs. 2100/- its proper value in 1940 would have been less than Rs. 1000/- and within the competence of the 3rd Munsif, Alipur in 1940.

16. As a matter of law, it is correct to say that this increase in the value of the subject-matter since the prior suit though it may have the effect of ousting the jurisdiction of the former court, and of necessitating the institution of the suit relating to the same subject-matter in a court of a higher grade, does not deprive the decision in the former suit of its finality. "GOPINATH CHOBEY v. BHUGWAT PERSHAD" 10 Cal 697, "DEBENDRA KUMAR v. PRAMADAKANTA LAHIRI" 37 CW N 810.

17. In the present case, the basis of the; contention however, rests on facts which are purely conjectural.

18. There is neither any allegation nor proof of the above fact viz., that the value of the subject-matter of the present suit in 1940 would be less than Rs. 1000/- and within the competence of the 3rd Munsif.

19. The view taken by the Court below cannot therefore be sustained.

20. Mr. Mullick tried to support the respondents' plea of res judicata on a different ground. He argued that the present suit was in fact two suits rolled with one and that in fact the plaintiff respondent did not really press his prayer for delivery up of stocks etc., and proceeded with the suit purely as one for passing off.

21. I do not find anything on the record to shew that the claim for delivery up was withdrawn. It is also not correct to say that the suit was really a lumping up of two independent suits.

22. Mr. Mullick referred us to the case of "L. CHHOTAY LAL v. CHANDRA BHAN" 45 All 59. In that case, the plea of res judicata was held to be applicable only to the invalidity of the deed of gift which was directly in issue in the prior suit. The question now before us did not arise in that case. The decision is therefore of no help to the respondent.

23. The decision in "DHRUPADA CHANDRA v. BINDUMOYI DAS" 43 CLJ 606 relied on by Mr. Mullick, rather helps the appellant. In that case, the question as to the validity of the deed was held not to operate as res judicata on the ground

of want of competence of the former Court to try the later suit. The plea was sustained only as regards the particular property which was the subject-matter of the former suit.

24. Mr. Mullick also referred us to the decision in "PRIYANATH v. KALI CHARAN" 35 CWN 773. In order to appreciate the effect of the decision, we have to consider the facts of that case. In that case, a suit had been filed previously in a Munsif's Court as regards the lands of schedule Ka(I). The plaintiff's claim to these lands was based on a title derived by inheritance from Sashi Bhusan a grandson of Rajnarain, the original owner. The suit was dismissed on the ground of want of plaintiff's title and of adverse possession by the defendant. The plaintiff thereafter filed a suit in the Court of a Subordinate Judge. In this suit, "the plaintiff claimed the lands of schedule Ka(I) again, although his title, thereto had been negatived in the earlier suit, as also the lands of "schedule Ka(2) on a claim of inheritance from Umacharan, another grandson of Rajnarain. The causes of action in regard to the lands of schedule Ka(I) and Ka(2) were different. In these circumstances, it was held that the suit was barred by res judicata as regards the lands of schedule Ka(I) only, the suit was decreed as regards the land of schedule Ka(2). This decision is clearly distinguishable. In the present case, the later suit relates to an entirely different subject-matter. The claim in the later suit is the value of certain reliefs so far as Madhusudan Mazumdar is concerned. In the earlier suit, the claim related to the value of the reliefs to Abinash Chandra Chowdhury.

25. In the present case, there was no lumping up of 2 claims based on different causes of action so as to inflate the claim in the later suit and to litigate the inflated claim in a Court of a higher grade.

26. In my opinion, the decision in the earlier title suit No. 230 of 1940 is not res judicata in the present suit valued at Rs. 2100/-which is beyond the pecuniary jurisdiction of the Munsif who tried the earlier title suit.

27. The merits of the controversy have now to be discussed.

28. The Court below has decided issues (8), (9), (10) in favour of the plaintiff.

29. The propriety of the finding on these issues has been challenged on behalf of the defendant-appellant.

30. The materials on the records of this case are fuller than in the proceedings before the Registrar.

31. The uncontradicted evidence of the plaintiff No. 1, which I accept, is that the plaintiff No. 1 read upto the 4th year class of the Jadabpur Technical Institute and then proceeded to America where he took the B. S. E. degree of the Michigan University and the M. S. degree of the Illinois University. The plaintiff No. 1 then underwent a course of practical training in New York and other places, in Battery Manufacturing. The evidence of plaintiff No. 1 is supported by the Circular letter etc. of Sakti Batteries Ltd. There is also no reason to distrust the

plaintiff no. 1 when he deposed to say that he was a votary of goddess Kali alias Sakti and named the battery which he invented and manufactured as "Sakti". In his deposition in T. S. 230 of 1940 Ex. 13, the appellant admitted that the plaintiff No. 1 manufactured storage batteries with the mark Sakti.

32. The plaintiff no. 1 further deposed that after he had manufactured Batteries of the Sakti brand for some time in his business known as Battery Manufacturing Company, he took in two financiers for the better carrying on of the manufacture and sale of the Sakti batteries. It is not suggested that the Battery Manufacturing Company did not manufacture or sell any other brand of batteries. This version is not contradicted by the appellant Abinash in his evidence. I concur in the finding of the Court below that the plaintiff No. 1 invented the mark Sakti, that he first manufactured batteries with mark Sakti, that he first started the business Battery Manufacturing Company himself and then took in partners.

33. The evidence of the plaintiff No. 1 and the recitals in the deed of agreement dated 4th July 1933, Ex. G shew that the plaintiff no. 1 in co-partnership with 2 financiers Ajit Kumar Roy Choudhury and Sachindra Prosad Saha, carried on the business under the name and style of Battery Manufacturing Co. since 1932. This firm manufactured batteries known as Sakti Batteries. This indicates that financiers were available for pushing on the manufacture of Sakti batteries. An inference may be drawn from this fact that the Sakti batteries had then got a reputation in the market.

34. This firm had a brief existence. The partners fell out and there were Civil and Criminal proceedings. The dispute was quieted by the above agreement, the plaintiff No. 1 buying off the other two partners for a consideration of Rs. 4000/-. The plaintiff No. 1 executed an instalment bond. Ex. D for this sum in favour of the other two partners.

35. Since the date of the agreement, the plaintiff No. 1 became the sole proprietor and carried on the business of Battery Manufacturing Co. till the formation of the Sakti Batteries Ltd. in September, 1933.

36. The position therefore is that before the Sakti Batteries Ltd., was formed, the plaintiff No. 1 himself and then the Battery Manufacturing Co. manufactured and sold Sakti brand batteries. Of the three partners, the plaintiff No. 1 was the working partner with high technical qualifications, the other partners were mere financiers. It is evident that the actual management was in the hand of the plaintiff No. 1 and customers must have known that the manufacture of battery was done by the plaintiff No. 1 and they associated the mark Sakti with the plaintiff No. 1. As such the mark "Sakti" must have acquired a reputation and custom as batteries of the manufacture of the plaintiff No. 1. In my opinion, the mark "Sakti" had come to be associated with the plaintiff No. 1 as the latter's trade mark was before the formation of the Sakti Batteries Ltd. During the period when Sakti Batteries were manufactured and sold by the Battery Manufacturing Co., the plaintiff No. 1 had a substantial interest in the business known as

Battery Manufacturing Co., first as a working partner and after the agreement as sole proprietor. When the Sakti Batteries Ltd., was formed, the plaintiff No. 1 was the sole proprietor of the trade mark Sakti embossed on electric batteries. The mark "Sakti" must have had a wide reputation then, else the Sakti Batteries Ltd., would not have been named in that way.

37. We have now to consider the legal position of the plaintiff No. 1 in relation to the mark "Sakti" before the Sakti Batteries Ltd., was formed in September 1933.

38. The Trade Marks Act, 1940, had not been enacted. There was no statute law in this country at the time. The law applicable in this country, was the common law of England. Under the common Law of England, title to a trade mark was acquired by prior user of the mark.

39. User of a mark means, not what the person who uses the mark has in his own mind about it, but what the public would understand when the trade mark is Impressed upon the goods, or upon some wrapper or case containing the goods, in such a way that the public would necessarily understand the words to be, & alone to be the trade mark of the person who uses them. "RICHARDS v. BUTCHER" (1891) 2 Ch. 522 at p. 532.

40. In "THOMOS SOMERVILLE v. PAOLO SCHEMBRI (1887) 12 A C 453 (J. C.), it was laid down that by the general principles of the commercial law, as soon as a trade mark has been so employed in the market as to indicate to purchasers that the goods to which it is attached are the manufacture of a particular firm, it becomes to that extent the property of the firm.

41. From what I have already stated, the conclusion follows that the plaintiff No. 1 had a good title to the trade mark "Sakti" by prior continuous user, even before the Sakti Batteries Ltd., was formed and that the title to the "Sakti" mark never vested in the Battery Manufacturing Co. This finding cuts at the root of the appellant's title.

42. The result therefore follows that no question can arise as to the subsequent devolution of title to the mark "Sakti" from the Battery Manufacturing Co., to the Sakti Batteries Ltd., and then to the appellant Abinash Chandra Chowdhury as is alleged on his behalf.

43. For the sake of completeness, I proceed to record my finding on the alleged subsequent devolutions of title.

44. It was first contended that the title to the trade mark "Sakti" passed from the Battery Manufacturing Company to the Sakti Batteries Ltd., when the latter took over the business by its resolution passed at a meeting held on 30th September 1933.

45. The resolution of the Sakti Batteries Ltd. Ex. T(3) at the said meeting shows that the business carried on in the name of Battery Manufacturing Co., was taken over by the Sakti Batteries Ltd., including all assets and liabilities as per list

submitted by Mr. Majumdar, the sole proprietor of Battery Manufacturing Co. for a cash consideration of Rs. 3083.

46. This resolution is signed by Mr. Majumdar as Managing Director and may be taken to represent a true state of facts. The question is whether the right if any of the Battery Manufacturing Company to the trade mark "Sakti" passed to the Sakti Batteries Ltd., by force of the above resolution. It is admitted that no formal deed of transfer was executed. The matter rests entirely on the terms of the resolution.

47. It was contended that on a sale of the business, the trade mark owned by the business, ordinarily passes.

48. Reference was made to the case of "SHIPWRIGHT v. CLEMENTS" (1871) 19 W R 599 where it was held that in a sale of the business, the right to the entire goodwill and to use the trade marks whether specially mentioned or not passes to the purchaser.

49. In "ANDREW CAIRD CHURTON v. JOHN DOUGLAS" (1859) 70 E R 385 Johns 174: 28 L J Ch 841, Sir W. Page-Wood V. C. observed:

"Goodwill, I apprehend, must mean every advantage, every positive advantage, if I may express it, as contrasted with the negative advantage of the late partner not carrying on the business,..."whether connected with the premises in which the business was previously carried on or with the name of the late firm, or with any other matter carrying with it the benefit of the business."

50. It was also held that upon the sale of a good will without more, the vendor may carry on a similar business even next door but not under the old style or firm although his name may be the only one appearing in the firm.

51. In the present case, however, the resolution places a limitation on the ambit of the purchase. The sale is expressed to be confined to a sale of the assets and liabilities as per list.

52. The list has not been produced. The appellant in his deposition in the previous suit admitted that the liquidator had all the papers of the Sakti Batteries and that he left some papers with him but took away those papers except the minute book. No receipt is produced to show what papers were taken away. There is no reason why the liquidator would take away the lists which are evidence of the appellant's title. It is also inexplicable that the appellant did not take a receipt from the liquidator when he made over the papers to the liquidator. In my opinion, after the liquidator sold the stock to the appellant, the list was made over to the appellant by the liquidator and that the list has been withheld by the appellant as this would go against his case.

53. In this state of facts, I hold that the trade mark was not an asset of the Battery Manufacturing Company and was not conveyed by the plaintiff No. 1 who was then the sole proprietor of the Company, to the Sakti Batteries Ltd.

54. It is also significant that the appellant did not examine Mr. Sanyal, a director of the Sakti Batteries Ltd., and a signatory, to the said resolution dated 30th September 1933, Ex. T(3).

55. In my opinion, the title to the trade mark "Sakti" did not vest in the Sakti Batteries Ltd.

56. In the above view, it is not necessary to consider the effect of the sale by the liquidators to the appellant on 18th November 1938. The materials on the records of this appeal are fuller than in A. O. D. 15 of 1949. For reasons given in our judgment in that appeal, the appellant did not derive any title to the trade mark "Sakti" even if we assume that the right to the trade mark "Sakti" was vested in the Sakti Batteries Ltd.

57. Mr. Mitter for the appellant further contended that even assuming that the Sakti Batteries Ltd., was not the owner of the trade mark, Sakti, the conduct of the plaintiff No. 1 in exhibiting the trade mark "Sakti" as the property of the Sakti Batteries estopped the plaintiff No. 1 from asserting that the mark did not belong to the Sakti Batteries Ltd.

58. The conduct of the plaintiff No. 1 which is relied on consisted of the following facts:

- (1) the Sakti Batteries Ltd., used the mark "Sakti" on batteries manufactured and sold by the Company vide Ex. V.
- (2) The Company advertised the sale of "Sakti" batteries as if these were manufactured by it; vide Ex. A(-6), Ex. K, Ex. 7.
- (3) The Company spent large sums of money in popularising the battery.
- (4) The plaintiff No. 1 was aware of the above facts and did not raise any protest.
- (5) The above conduct continued for a fairly long time i.e., from 1933 to 1936.

59. As regards the above conduct relied upon, it has to be borne in mind that the advertisement, price list, bills etc., clearly shewed that Mr. M. Majumdar was the expert and Engineer-in-Charge. The conduct is not inconsistent with the fact that the Sakti Batteries Ltd., was the manufacturer and distributor & selling Agents of Mr. M. Majumdar. It is also to be remembered that at the material time Mr. Majumdar was intimately connected with the Company either as Managing director or a director and was the Engineer-in-Charge. The public knew full well that the batteries were manufactured under the expert guidance of Mr. Majumdar. The letter Ex. 6 series written by the appellant Abinash shew that he was canvassing for the sale of storage batteries with the mark "Sakti" even after the Sakti Batteries Ltd., had ceased to function and the Plaintiff No. 2 the Tropical Accumulation Ltd., of which Mr. Majumdar was a Managing Agent and also an Engineer for sometime, had taken over the manufacture and distribution of the Sakti Batteries. This clearly proves that the Mark "Sakti" was not regarded by the public including the appellant Abinash who was in the employ of the Sakti

Batteries Ltd., and was conversant with the true facts, as being the property of the Sakti Batteries Ltd.

60. It is also significant to note that after the alleged purchase of the appellant on the 18th November 1938, the plaintiff had been manufacturing Sakti Batteries, vide Ex. 13, deposition of the appellant Abinash in his Title Suit No. 230 of 1940. It is also worthy of note that the appellant Abinash did not get any injunction on the plaintiffs restraining them from manufacturing or distributing or selling storage batteries of the Sakti brand. The litigation went on till 1945 i.e., even after the" filing of the present application by the appellant Abinash for registration in his own name of the mark "Sakti".

61. In my opinion, the plaintiff No. 1 is not estopped from ascertaining his title to the trade mark "Sakti", nor "was there any waiver or acquiescence on the part of the plaintiff.

62. From the facts already stated, no question of loss of the plaintiff's right by non-user arises in this case.

63. Mr. Mitter also contended that the plaintiff No. 1 was disentitled from claiming any relief on the ground of delay.

64. It is true that the present suit was filed beyond 6 years from the" date when the plaintiff No. 1 came to know of the user of the mark "Sakti" by the appellant on his batteries. I have already discussed this point in A. O. D. No. 121 of 1949. The litigation started by the appellant wherein the right to the mark was in controversy was pending till August 1945. The present suit was filed on 21st September 1945. No question of any unreasonable delay or acquiescence therefore arises in this case.

65. It was finally contended that the suit is barred u/s 20 of the Trade Marks Act, 1940.

66. Section 20(1) of the Act says that no person shall be entitled to institute any proceeding to prevent, or to recover damages, for the infringement of an unregistered trade mark, unless such trade mark has been continuously in use since before the 25th day of February 1937 by such person or by a predecessor in title of hjs and unless an application for the registration, made within five years from the date of the announcement of the Act, has been refused.

67. The exception in favour of a refused trade mark has no application in this Case. I have already found that the trade mark was in continuous use from before 25th February 1937.

68. As regards the prayer founded on the passing off of the trade mark of plaintiff No. 1 by the appellant, it is also saved by section 20(2) of the Act.

69. The ex parte registration of the trade mark "Sakti" within a circular device in pursuance of the application No. 86358, was set aside by Sinha J. by a judgment dated 12th May 1949. Ex. 3(g) and the Register was rectified. We have just now

affirmed the decision of Sinha J.

70. In these circumstances, section 20 of the Act does not bar the present suit.

71. I have dealt with all the contentions raised in the appeal. I find that the appellant has failed to substantiate his contentions. The appeal therefore fails and is dismissed.

72. As regards the costs of this appeal, the facts of this case are interrelated with the facts of A. O. D. 15 of 1949 and A. O. D. 121: of 1949. All the three cases were heard together. In these circumstances, we are of opinion that the hearing fee of the appeal should be fixed at 5 gold mohurs.

73. The result, therefore, is that this appeal must be dismissed with costs to plaintiff No. 1, Respondent No, 1. Hearing fee 5 gold mohurs.

Guha, J.

74. I agree.